

COMMISSIONERS APPROVAL

CHILCOTT *gc*

LUND

THOMPSON *AT*

TAYLOR (Clerk & Recorder)

Date.....December 16, 2005

Members Present.....Commissioner Greg Chilcott,
Commissioner Betty Lund and Commissioner Alan Thompson

Minutes: Glenda Wiles

The Board met with Airport Manager Red Caldwell for an update and discussion of the improvement work order. Also present was County Attorney George Corn, Civil Counsel James McCubbin, Airport Board Members Dave Hedditch and Fred Haaskamp.

Discussion of the Airport Lease rates took place. George suggested they have a commercial appraisal in order to calculate a market rate. Commissioner Chilcott asked since this land was acquired by FAA money, would there be different rules. George stated he did not think so. Red presented a list of various airports in Montana for a comparison of rates. George stated we should not compare the property values in the Bitterroot Valley to property values in Malta. Red felt 95% of the real estate at the airport came from the F.A.A. and it's purpose is for aviation. He felt this is a single purpose issue and all hangars are for aviation purposes.

There was a discussion of Kalispell Airport which has a higher rental rate. Fred stated that airport was eligible for certain federal funds and that is why their rates are higher. Dave stated they just had an audit by the FAA. The only comment made was that the agricultural lease might not be high enough.

George stated for F.A.A. purposes, they might be satisfied, but from the county perspective, \$33,000.00 is coming from PILT funds to run the airport. Dave asked about the license fees for aircraft that are going into the general fund. Could they consider those funds? George stated he would like to see how much those license fees generate.

James stated this is county property being leased out, and if it is being leased out at less than the going rate, then our county property is being given away without compensation.

Fred stated if you go back into the history of the aeronautical codes, the counties were allowed 2 mills for funding. But they let the 2 mills lapse. The legislators passed a law

allowing the registration money to go into the general funds. Now they cannot track this money. This money has been diverted away and it is aviation money.

Commissioner Thompson presented some property taxes that are aviation generated and those monies are a 'wash' for the \$33,000.00 that comes from PILT monies in order to fund the airport.

George stated this is a county asset and asked why the county should not generate money from this airport. James stated the market rate is what people are willing to pay. Commissioner Chilcott stated Ravalli County appraisal values should be determined by the property values here, not in some eastern county.

Fred stated Missoula Airport charges .12 cents per sq. foot, but they do not charge a .48 cent development fee. Helena charges approx .5 cents a square foot. George stated the difference could be due to Helena being an air carrier field and that would probably help subsidize the airport.

George stated the question is 'what is normal and reasonable' for the hangar fees. James stated the reason for the restaurant was to draw people to the airport, and can anyone rent restaurant space downtown for \$.07 per square foot. Red stated there are only seven spaces left for rent.

Fred stated if they base everything on the land values downtown then this area becomes another Aspen and only the wealthy can afford anything. James stated if that is the argument, then they are not following market rates. George stated the county was charging \$.07 per square foot in 1993 and the land values have certainly increased since then. In 85 it is \$.035 a square foot. He stated there needs to be a reasonable showing of how the County comes to charge the \$.07 per square foot.

Commissioner Thompson stated he thought they put in an escalator clause in the lease. Dave stated the Airport Board wants that mechanism within the lease, but it did not make it to the final lease. James stated a CPI lease allows a percentage off the .07 cents per year. Or you can have a new base calculation every year.

Commissioner Chilcott stated the market value is easy to defend and justify. Fred stated the county will need to defend any costs with the Montana Aeronautical and F.A.A.

George stated the Commissioners are having trouble funding basic services in Ravalli County, and to subsidize the airport knowing this is not right. Therefore the hangar lease rates definitely need to be reviewed.

Red stated all of the leases with the exception of the last five have an escalator clause. Dave stated he would rather perform an in-house review of the costs for hangar rent than hire an appraiser. James stated rates at other airports are relevant but the land values are not the same. James stated there are commercial and regulatory standards on certified appraisers. Commissioner Chilcott stated there should be some federal and state

documents that would define what can and cannot be done. Commissioner Thompson stated the Board should have Red contact John Styba and ask these questions. George and James concurred that Red should bring these questions to John.

James stated the Commissioners do not want to make an arbitrary and capricious decision. They need to review the facts which could include the assessment of a market value by a certified appraiser. Commissioner Chilcott suggested they could even review the cost of land over the past few years.

Red stated the new lease requires a definitive dollar value for the rental rates. James stated there is an accelerated clause in the lease that allows the cost to go up if necessary.

Dave stated this land is considered agricultural land and agricultural land is only valued at \$50.00 per year at a lease. George asked if the state is assessing this for tax purposes under agricultural.

Commissioner Lund stated they have discussed the hangar fees over and over and an appraiser will charge at least \$3,000.00. Commissioner Chilcott stated they could utilize one hangar and go from there on the comps. Fred stated Montana Aeronautics does a rate review every five years.

The Commissioners agreed that they need to focus on growth counties and municipal airports that are similar in nature. Red will also contact the F.A.A. and Montana Aeronautics. It was agreed that another meeting will be scheduled when this information is researched.

Red stated he has given a verbal approval to these new leases a .07 cents per square foot. The lease allows for an increase at each year's end of the 10 year lease. Commissioner Chilcott agreed that Red, as an agent of the Airport, give this information to prospective lease holders, but changes can be done every year to the lease.

Red then presented pay requests for American West Construction Pay request in the amount of \$16,498.66, a change order #2 for the installation of a garage door/ventilation fan interlock (for the storage shed that was just constructed), and order to the contractor to suspend work due to the weather at the airport (striping the runway, complete the grading along the new taxi way).

Commissioner Lund made a motion to sign the suspend work orders to Helena Sand and Gravel and American West Construction until weather allows the continued work. And to sign the Pay Request after reimbursement by the F.A.A., to American West in the amount of \$16,498.66, and to sign the change order #2 for the installation of the garage door. Commissioner Thompson seconded the motion and all voted "aye".

Red also addressed the Automated Weather Observation System (AWOS) which has been needed for some time. The F.A.A. has agreed to participate in this project. This system will enhance the safety aspects of air operations at the facility by providing real

time atmospheric data to pilots on request without relying on human input. This is a non-manned weather system and is separate from the Unicom System. The F.A.A. will fund this system at 95% of its cost. Red anticipates this system to cost just under \$50,000.00, as there are only two providers of this system in the United States. Anaconda just received a quote for an AWOS in the amount of \$40,000.00. Commissioner Thompson made a motion to have Red send out quotes for this system. Red noted the system will be placed on his equipment shed. Commissioner Lund seconded the motion. Commissioner Lund asked where the match money would come from. Red stated he is sure he can find the match money for this system. All that is being done is to receive the quotes. All voted "aye".

Red also addressed the F.A.A. land use compliance inspection. The regional F.A.A. is required to conduct two land use compliance inspections in each state under its jurisdiction. Issues that came from the compliance inspection on October 18, 2005, are the following:

- One need that has arisen out of the inspection is to develop a Memorandum of Understanding between the airport and the Road Department for the gravel pit use and location.
- Another issue is the Gun Club Lease that will require an addendum to the existing lease which will add the square footage of the new trap houses.
- Red noted the F.A.A. seems to be satisfied with the airport's efforts and time schedule to attain compliance on the residential issue.
- The agricultural lease on the Leonardi Property. The Airport Board is comfortable with utilizing the recommendations of local ranchers/farmers as to those costs.
- In regard to the FBO Fuel tanks; the final action of the size of the lease area has not been determined. A North Star proposal was forwarded to the Fire Marshall and Civil Counsel. Red stated he needs some direction from the Commissioners in regard to the need for a lease. Red stated the issue they are waiting for is the approval from the Fire Marshall, and the compliance of the tanks.
- Non Aviation use of Hangar areas – Red noted the airport rules and regulations states that storage is not permitted, and vehicles will not obstruct taxi ways, ramps or aircraft movement but nothing prohibits vehicle parking around hangars if they do not obstruct taxi ways, ramps or airport movements.

Red will prepare a response to the F.A.A. no later than January 15, 2006. The Commissioners will sign this response.

Red also addressed a snow plow. He hopes to work with Glenda and get the request for bid out by the middle of January. The F.A.A. has developed the specifications. The Board agreed to go out to bid on this snow plow.

In other business the Board met with David Ohnstad. Due to the lack of time, this meeting was moved to Monday, December 19th.